

June 1979  
ILLEGIBLE

China: Second Session of Fifth National  
People's Congress (NPC) Provides  
Windows on Current Policies

- Opens Monday; will examine key aspects of policies, approve senior-level government appointments, review government appointments, review government's activities, address new issues. Despite "rubber-stamp" attributes, provides good window on state of Chinese policies and leadership structure. At this time in particular NPC should indicate outcome of major policy debates which have been going on since mid-March.
- On leadership, appointments and removals should indicate degree of influence exerted by Deng Xiaoping--to assume continuity of his views, important for him to have people who support him established in responsible governmental posts, especially in view of his advancing age.
  - ° Possible, for example, that Deng's protege Hu Yaobang might be added to list of Vice Premiers. Hu presently is Party General Secretary and Director of its Propaganda Department, but holds no governmental post. Past events have shown that those who exercise greatest power in China must have both high Party and governmental positions.

- ° Also possible some older high-ranking people who were purged during the Cultural Revolution and now rehabilitated could become Vice Premiers, e.g., Tan Zhenlin, former Politburo member with responsibilities for agriculture, and Peng Zhen, another ex-Politburo member who was Mayor of Beijing until 1966. While not necessarily as close to Deng as Hu Yaobang, people such as these would in general support Deng's efforts to revitalize China.
- ° On the other hand, if people such as the above do not receive high positions, and, more importantly, if individuals close to Deng's principal opponent, Wang Dongxing, do, it may be concluded that Deng's power has been curtailed and his policies rendered vulnerable to significant revision.
- On policy, customary for Chairman of State Council (Premier) to deliver report on work of the government. This will in all likelihood be Hua Guofeng, as was the case in January 1978 NPC session (Hua is Premier in addition to being Party Chairman). Major issues to be addressed:
  - ° Internally
    - Approval of revised priorities for "four modernizations," with agriculture taking first priority,

light industry coming next (ahead of heavy industry) to serve agriculture and expand foreign exchange-earning exports, and national defense trailing after science and technology. Defense priorities could be controversial in wake of military shortcomings revealed during China's attack on Vietnam.

- Reaffirmation of outcome of December 1978 Party Plenum, which reflected Deng's philosophy and implementing "emancipation of thinking", democracy, material incentives, and exercise of initiative in management of enterprises. (These elements have been criticized by Weng Dongxing group on grounds that Deng's approach undermines teachings of Mao Zedong, whose "every word" should be taken as gospel.) *Another important Deng position is slogan: "practice is the sole criterion of truth"*
- acceptance of bills concerning drastic reform of Chinese administrative system, establishing a judicial system, and providing for joint Chinese-foreign industrial ventures. All these steps are necessary to get China moving again; most crucial is administrative reform to assure cadre compliance with Deng's new policies. Wang Dongxing group can be expected to resist.

STAT

° Externally

- Examination of policies on relations with USSR  
(probably permitting some improvement of State-to-state relations despite continued freeze on basic party-to-party issues). China's "four modernizations" require as peaceful an environment as possible.
- Endorsement of improved relations with the U.S.  
(There may have been some criticism of Deng in this area over U.S. relationship with Taiwan and tough U.S. line on trade and textiles.)
- Explanation of China's stand on such other key subjects as Kampuchea, Vietnam, and Nonaligned Movement.

-- From mid-March until late May

Chinese newspaper editorials indicated that Deng was being subject to considerable criticism at hands of Wang Dongxing group, and perhaps some of Deng's old comrades as well who felt he was trying to do too much too soon. Deng backtracked somewhat by putting tighter political parameters on democracy, incentives, etc., but also counter-attacked to reaffirm the essence of his new program. A cessation of critical editorials suggests he has prevailed,

at least for the moment, and this should therefore be reflected in NPC proceedings. But Chinese leadership is clearly now more collegial than was the case in 1978.

-- We should know more about the course of events by COB 18 June.